

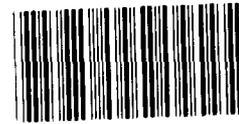
GAO

Report to the Speaker and the Sergeant at Arms of the House of Representatives

December 1986

# FINANCIAL AUDIT

House Office of the  
Sergeant at Arms—  
Periods Ended 6-30-86  
and 12-31-85



132024

---

---

.....

.....

**Comptroller General  
of the United States****B-114854**

December 30, 1986

To the Speaker and the Sergeant at Arms  
of the House of Representatives

In accordance with the act of July 26, 1949 (2 U.S.C. 81a), we have examined the balance sheets of the Office of the Sergeant at Arms, House of Representatives, as of June 30, 1986, and December 31, 1985, and the related statements of operations and changes in financial position for each of the 6-month periods then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We completed our audit work on August 29, 1986.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Sergeant at Arms as of June 30, 1986, and December 31, 1985, and the results of its operations and changes in financial position for the 6-month periods then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements, applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supporting information on financial transactions of appropriated funds is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

---

This report also contains our report on internal accounting controls and compliance with laws and regulations, the Office's financial statements, a schedule of financial transactions, and accompanying notes for the 6-month periods ended June 30, 1986, and December 31, 1985.

*for* 

Charles A. Bowsher  
Comptroller General  
of the United States



---

# Contents

---

Opinion Letter	1
Report on Internal Accounting Controls and Compliance With Laws and Regulations	6
Balance Sheet	7
Statement of Operations	8
Statement of Changes in Financial Position	10
Schedule of Financial Transactions Appropriated Funds	12
Notes to Financial Statements and Schedule	14
Table	15

---

Table 1: Check-Cashing Transactions



---

# Report on Internal Accounting Controls and Compliance With Laws and Regulations

---

We have examined the financial statements of the Office of the Sergeant at Arms, House of Representatives, for the 6-month periods ended June 30, 1986, and December 31, 1985. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the 6-month periods ended June 30, 1986, and December 31, 1985.

We did not complete a study and evaluation of the Office of the Sergeant at Arms' system of internal accounting controls for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Office's financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the 6-month periods ended June 30, 1986, and December 31, 1985.

While we did not perform a complete study and evaluation of the Office's system of internal accounting controls, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness. In audits where we do study and evaluate the internal accounting controls system, material weaknesses in the system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Office's compliance with applicable laws and regulations. In our opinion, the Office of the Sergeant at Arms complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Office was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

# Balance Sheet

	June 30, 1986	December 31, 1985
<b>Assets</b>		
<b>Appropriated Funds</b>		
Funds with U.S. Treasury	\$12,728,467	\$32,025,608
<b>Deposit Fund</b>		
Funds with U.S. Treasury	772,903	662,766
Cash on hand	240,770	244,801
Checks on hand (note 2)	170,935	239,276
<b>Accounts receivable</b>		
Due from Members (note 3)	115,155	128,825
Other	291	0
<b>Total deposit fund</b>	<b>1,300,054</b>	<b>1,275,668</b>
<b>Total Assets</b>	<b>\$14,028,521</b>	<b>\$33,301,276</b>
<b>Liabilities and Government Equity</b>		
<b>Appropriated Funds</b>		
<b>Liabilities</b>		
Salaries payable	\$3,135,576	\$3,202,847
<b>Government equity</b>		
Unobligated appropriations	9,592,891	28,822,761
<b>Total appropriated funds</b>	<b>12,728,467</b>	<b>32,025,608</b>
<b>Deposit Fund</b>		
<b>Liabilities</b>		
<b>Accounts payable</b>		
Members' deposits	1,300,054	1,275,429
Other	0	239
<b>Total deposit fund</b>	<b>1,300,054</b>	<b>1,275,668</b>
<b>Total Liabilities and Government Equity</b>	<b>\$14,028,521</b>	<b>\$33,301,276</b>

The accompanying notes are an integral part of this statement.

# Statement of Operations

Appropriated Funds	6-Month Periods Ended	
	June 30, 1986	December 31, 1985
<b>Funding Source</b>		
Appropriations expended	\$19,291,273	\$18,188,990
<b>Expenditures</b>		
Salaries of Members	\$16,532,861	\$16,530,357
Government paid benefits		
Retirement	1,204,480	1,196,770
Social Security	1,181,530	92,492
Health insurance	234,230	252,540
Life insurance	38,211	39,362
Total government paid benefits	2,658,451	1,581,164
Mileage of Members	99,961	2,369
Payments to widows, widowers, or heirs of deceased Members	0	75,100
<b>Total Expenditures</b>	<b>\$19,291,273</b>	<b>\$18,188,990</b>

The accompanying notes are an integral part of this statement.

**Statement of Operations**

**Deposit Fund**

	<b>6-Month Periods Ended</b>	
	<b>June 30, 1986</b>	<b>December 31, 1985</b>
<b>Receipts</b>		
Transfer from appropriated funds (Members' salaries, mileage, and state income tax)	\$8,847,564	\$9,648,699
Members' deposits	9,171,680	8,263,189
Sale of traveler's checks	102,456	174,143
Miscellaneous	0	869
<b>Total Receipts</b>	<b>18,121,700</b>	<b>18,086,900</b>
<b>Disbursements</b>		
Net payments to or for accounts of Members	17,418,597	17,359,474
State income tax withheld remitted to states	575,731	579,546
Payment for traveler's checks sold	102,456	174,143
Miscellaneous	530	631
<b>Total Disbursements</b>	<b>18,097,314</b>	<b>18,113,794</b>
Excess receipts (disbursements)	24,386	(26,894)
Deposit fund balance, beginning of period	1,275,668	1,302,562
<b>Deposit Fund Balance, End of Period</b>	<b>\$1,300,054</b>	<b>\$1,275,668</b>

The accompanying notes are an integral part of this statement.

# Statement of Changes in Financial Position

	6-Month Periods Ended	
	June 30, 1986	December 31, 1985
<b>Appropriated Funds</b>		
<b>Appropriated Funds Provided</b>		
Increase in unobligated appropriations	\$0	\$20,049,208
Increase in salaries payable	0	122,017
<b>Total funds provided</b>	<b>0</b>	<b>20,171,225</b>
<b>Appropriated Funds Applied</b>		
Decrease in unobligated appropriations	19,229,870	0
Decrease in salaries payable	67,271	0
<b>Total funds applied</b>	<b>19,297,141</b>	<b>0</b>
<b>Increase (Decrease) in Cash</b>	<b>\$(19,297,141)</b>	<b>\$20,171,225</b>
<b>Deposit Fund</b>		
<b>Deposit Funds Provided</b>		
Net decrease in accounts receivable	\$13,379	\$0
Net increase in accounts payable	24,386	0
<b>Total funds provided</b>	<b>37,765</b>	<b>0</b>
<b>Deposit Funds Applied</b>		
Net increase in accounts receivable	0	52,935
Net decrease in accounts payable	0	26,894
<b>Total funds applied</b>	<b>0</b>	<b>79,829</b>
<b>Increase (Decrease) in Cash</b>	<b>\$37,765</b>	<b>\$(79,829)</b>

The accompanying notes are an integral part of this statement.



# Schedule of Financial Transactions

## Appropriated Funds

	6-Month Periods Ended	
	June 30, 1986	December 31, 1985
<b>Appropriations</b>		
Salaries	\$0	\$38,233,000
Mileage	0	150,000
Payments to widows, widowers, or heirs of deceased Members	0	75,100
<b>Total appropriations</b>	<b>0</b>	<b>38,458,100</b>
Collections and Refunds	132	0
<b>Total appropriations, collections, and refunds</b>	<b>132</b>	<b>38,458,100</b>
<b>Expenditures and Transfers</b>		
Salaries		
Paid to Members		
By check	1,306,381	1,412,257
Transferred to deposit fund	8,179,990	9,068,684
Deductions from salaries		
Federal income tax	3,849,018	3,942,421
Social Security tax	1,181,530	92,492
State income tax	575,731	579,546
Retirement	704,663	702,012
Life insurance	76,422	78,724
Optional life insurance	120,213	112,091
Health insurance	148,747	168,365
U.S. Savings Bonds	16,625	17,475
Transfer to other organizations	373,541	356,290
<b>Total salaries</b>	<b>16,532,861</b>	<b>16,530,357</b>
Government contributions		
Retirement	1,204,480	1,196,770
Life insurance	38,211	39,362
Health insurance	234,230	252,540
Social Security	1,181,530	92,492
<b>Total government contributions</b>	<b>2,658,451</b>	<b>1,581,164</b>

**Schedule of Financial Transactions  
Appropriated Funds**

	<b>6-Month Periods Ended</b>	
	<b>June 30, 1986</b>	<b>December 31, 1985</b>
<b>Mileage of Members</b>		
Paid by check	8,118	1,900
Transferred to deposit fund	91,843	469
<b>Total mileage</b>	<b>99,961</b>	<b>2,369</b>
<b>Payments to widows, widowers, or heirs of deceased Members</b>	<b>0</b>	<b>75,100</b>
<b>Total expenditures</b>	<b>19,291,273</b>	<b>18,188,990</b>
Unexpended balance of appropriations transferred to the general fund of the U.S. Treasury	6,000	97,885
<b>Total expenditures and transfers</b>	<b>19,297,273</b>	<b>18,286,875</b>
Excess of appropriations over expenditures and transfers (expenditures and transfers over collections and refunds)	(19,297,141)	20,171,225
Appropriated funds balance, beginning of period	32,025,608	11,854,383
<b>Appropriated Funds Balance, End of Period</b>	<b>\$12,728,467</b>	<b>\$32,025,608</b>

The accompanying notes are an integral part of this schedule.

---

# Notes to Financial Statements and Schedules

---

## Note 1. Significant Accounting Policies

The Sergeant at Arms, as a fiscal officer of the House of Representatives, disburses funds appropriated for (1) salaries of Members and related administrative expenses, (2) mileage of Members to and from each session of the Congress, and (3) payments to widows, widowers, or heirs of deceased Members. The Sergeant at Arms also operates a deposit and checking function for the Members commonly referred to as the "House bank" and is accountable for Members' funds on deposit in the bank. Operating costs of the Office of the Sergeant at Arms, including salaries and related administrative expenses, equipment, space, building repairs and maintenance, utilities, and certain miscellaneous expenses, are paid from funds appropriated for salaries and expenses of the House of Representatives.

Appropriated funds are disbursed on the basis of monthly payroll vouchers covering salaries, related administrative expenses, and mileage of Members. The amounts due Members are either paid by check or, if Members request it, transferred to their credit in the deposit fund account established in the Treasury for this purpose. Members are paid on the first work day after the month in which the salary is earned. Accordingly, salaries payable represent Members' salaries and related administrative expenses for the last month of the period.

The deposit fund consists of the total of the individual accounts for the various Members who use the "House bank" facility. Members withdraw money from their accounts by presenting written orders for payment either directly to the Sergeant at Arms or through regular banking channels. Money in the deposit fund is used to cash checks for Members and employees of the House. Checks cashed which were drawn on other banks are deposited in the U.S. Treasury through a local bank on the next business day.

Other "House bank" operations consist of selling traveler's checks and assisting Members in making wire transfers and purchasing foreign currency, savings bonds, and cashier's checks.

---

## Note 2. Checks on Hand

Checks on hand amounting to \$170,935 at June 30, 1986, and \$239,276 at December 31, 1985, represent checks drawn on other banks and cashed for Members and employees of the House on the last business day of each 6-month period, but not yet deposited with the U.S. Treasury.

The check-cashing transactions for the 6-month periods ended June 30, 1986, and December 31, 1985, are summarized below.

**Table 1: Check-Cashing Transactions**

	6-Month Periods Ended	
	June 30, 1986	December 31, 1985
Checks on hand at beginning of period	\$239,276	\$335,488
Checks cashed	15,914,502	15,943,631
	16,153,778	16,279,119
Checks deposited with U.S. Treasury	15,982,843	16,039,843
<b>Checks on hand at end of period</b>	<b>\$170,935</b>	<b>\$239,276</b>

The peak volume of check-cashing transactions occurs when House employees cash their paychecks. During the 12 months ended June 30, 1986, the largest volume of checks cashed during 1 month occurred in July, when checks amounting to \$3,619,565 were cashed, and the largest volume during 1 day occurred on July 31, 1985, when checks totaling \$507,984 were cashed.

**Note 3. Accounts Receivable From Members**

Amounts due from Members represent checks drawn on and cashed or paid by the Sergeant at Arms but not charged to the Members' accounts. Checks are held for reasons such as insufficient funds, missing signature, incorrect date, or a stop-payment order. The Sergeant at Arms monitors all such items daily, and no financial losses have occurred under these procedures.



---

Requests for copies of GAO reports should be sent to:

U.S. General Accounting Office  
Post Office Box 6015  
Gaithersburg, Maryland 20877

Telephone 202-275-6241

The first five copies of each report are free. Additional copies are \$2.00 each.

There is a 25% discount on orders for 100 or more copies mailed to a single address.

Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.

---

United States  
General Accounting Office  
Washington, D.C. 20548

Official Business  
Penalty for Private Use \$300

Address Correction Requested

---

First-Class Mail  
Postage & Fees Paid  
GAO  
Permit No. G100